UNITED
NATIONS

A

General Assembly

Distr.
GENERAL

A/C.5/48/35
29 November 1993

ORIGINAL: ENGLISH

Forty-eighth session
FIFTH COMMITTEE
Agenda item 121

REVIEW OF THE EFFICIENCY OF THE ADMINISTRATIVE AND FINANCIAL FUNCTIONING OF THE UNITED NATIONS

Letter dated 24 November 1993 from the Permanent Representative of the United States of America to the United Nations addressed to the Secretary-General

I have the honour to transmit to you the enclosed United States paper on the Office of the Inspector General, which I ask that you circulate at the forty-eighth session of the General Assembly as a document of the Fifth Committee, under agenda item 121, "Review of the efficiency of the administrative and financial functioning of the United Nations".

(Signed) Madeleine K. ALBRIGHT

Annex

OFFICE OF THE INSPECTOR GENERAL

Introduction

Given the increased importance of the United Nations for the world community and the expanding complexity and scope of United Nations programmes, particularly in the area of peace-keeping, improved oversight is required to ensure effective use of resources contributed by Member States. The improved oversight would serve to: (1) promote economy, efficiency and effectiveness in the administration of the programmes and operations of the United Nations, (2) ensure a systematic approach to programme evaluation, (3) prevent and detect fraud, waste and abuse in the programmes and operations and (4) keep the Secretary-General and the General Assembly fully informed of any deficiencies, and of the progress of corrective actions under way regarding previously identified problems and deficiencies.

The problem

Existing oversight mechanisms do not meet the current needs of the United Nations in the light of its increased responsibilities, as documented effectively in the Joint Inspection Unit (JIU) report on "Accountability and oversight in the United Nations Secretariat" (JIU/REP/93/5). The internal oversight mechanisms of the United Nations lack the independence, size and qualifications to address adequately concerns related to the quality and performance of United Nations programmes and to bring these matters to the attention of Member States. We welcome the Secretary-General's recent decision to establish an Office for Inspections and Investigations and note his statement that this constitutes the first step in the process of creating a high-level oversight post with broader audit, evaluation and investigation authority.

Although there have been good reports from the external oversight mechanisms of the United Nations, the overall impact of these external mechanisms has not met the needs of the Organization. For more than a decade, reports of the Board of Auditors usefully have taken note of recurring wasteful practices and irregularities in the procurement operations of the United Nations, its hiring of experts and consultants and its safeguarding of property, plant and equipment. Despite resolutions from the General Assembly for corrective action, little progress has until now been achieved in correcting the situations noted.

While individual reports from the Joint Inspection Unit have been informative, the overall impact has been less than intended when the Unit was established. This reflects, inter alia, the uneven quality of some JIU reports, JIU's inability to require the cooperation of Secretariat officials and the failure of governing bodies to require compliance with approved JIU recommendations.

The plethora of current oversight mechanisms is marked by an overlapping of roles with a resulting fragmentation and diffusion of responsibility, a lack of sufficient resources and an absence of effective coordination among the units. As noted in the JIU report on "Accountability and oversight in the United

Nations Secretariat" (ibid.), just adding resources to these existing mechanisms is unlikely to ensure better results.

A better approach

A better approach is needed that concentrates Secretariat and selected expert body functions in a single, independent oversight authority and management advisory service. This new consolidated mechanism would provide Member States with the means necessary to ensure that resources are used wisely and programmes are carried out effectively. This authority would support the work of relevant intergovernmental bodies by undertaking detailed, timely and rigorous reviews of activities and resources, thus obviating the need for "micro-management" by Member States.

This new consolidated mechanism would be responsible for providing to management independent advice by examining all activities carried out at all United Nations headquarters and field locations financed from the regular budget, peace-keeping budgets and voluntary contributions. The overriding purpose would be to enhance the executive capacity and accountability of the Secretary-General and other executive heads of major United Nations programmes such as the Administrator of the United Nations Development Programme (UNDP), the Executive Director of the United Nations Children's Fund (UNICEF) and the United Nations High Commissioner for Refugees. At the same time, the new mechanism would have external reporting responsibilities.

The proposed Office of the Inspector General would be created through the merger of resources and functions now allocated to existing units and offices and the creation of new units for compliance review and investigation.

The role of the Board of Auditors would be modified. The Board of Auditors would maintain oversight of the process for preparing the accounts to assure accuracy and complete reporting. The Board would attest to the fair presentation of the accounts of the United Nations and the accounts of other organizations and programmes established by the General Assembly. The Board would examine the adequacy of accounting policies and internal controls and ensure that satisfactory procedures have been applied to the recording of all assets, liabilities, surpluses and deficits. The Board also would review the Inspector General's audit and evaluation plans. The Board would no longer undertake detailed management audits. This responsibility would be transferred to the Inspector General. This change for the Board of Auditors would allow for a significant proportion of resources now allocated to the Board to be transferred to the Office of the Inspector General.

The Joint Inspection Unit would coordinate its work programme with the Office of the Inspector General to prevent duplication in the examination of United Nations programmes and operations. Reflecting the fact that JIU is the only oversight mechanism with a United Nations system-wide mandate, the JIU examination of United Nations activities would emphasize those system-wide issues being addressed by JIU. JIU, of course, would continue to examine activities of other agencies of the United Nations system as it has in the past. This reduction in the role of JIU may allow for the transfer to the Office of the Inspector General of a portion of the contribution now made by the United Nations to JIU. Once the Office of the Inspector General is well established,

the relationship of JIU to the Office of the Inspector General should be reconsidered.

The Advisory Committee on Administrative and Budgetary Questions (ACABQ) would continue to exercise its existing authorities over management and budget issues. Copies of reports of the Office of the Inspector General could be submitted to the Advisory Committee, if the reports were relevant to the work of the Committee.

Appointment and removal of the Inspector General

The Inspector General should be an internationally recognized expert in accounting, auditing, financial or management analysis, law, public administration or investigations. The Inspector General shall receive the salary and emoluments paid at a level equivalent to that of the Administrator of UNDP.

Candidacies for the post of Inspector General shall be forwarded to the Secretary-General, who will submit them to the International Organization of Supreme Audit Institutions (INTOSAI). INTOSAI, in consultation with the Board of Auditors, shall review the qualifications of candidates and submit a list of those who meet the standards of the position to the Secretary-General. The Inspector General shall be appointed by the Secretary-General and approved by a two-thirds majority of the General Assembly for a term of six years non-renewable. Only the General Assembly shall have the power to remove the Inspector General from office, by a two-thirds majority.

Organization and functions of the Office of the Inspector General

An independent Office of the Inspector General would be comprised of offices of Inspections, Audits and Programme Evaluations, Compliance and Investigations. The Office of the Inspector General would function in support of Member States and the Secretary-General. In particular, the Office of the Inspector General would perform audit functions, as well as advising the Secretary-General, as appropriate, on internal matters.

Inspections: Review an organization as an entity, examining all aspects of the operation of a specific field office, department or office; provide information about the quality of management and operations; encourage self-evaluation and correction; provide counselling and helpful advice; identify problems and recommend solutions.

Audits and programme evaluations: Examine the management and financial operations of a single function of programme in great detail at locations throughout Headquarters and field offices; determine the economy and efficiency with which the function or programme is managed and the results achieved; evaluate programme effectiveness; assess compliance with regulations and policies in carrying out the programme or function; recommend improvements in the management and conduct of the programme or function.

Compliance: Periodically review measures taken to implement recommendations as a result of audits and inspections.

Investigations: Act on all reported forms of official misconduct, malfeasance and other violations of United Nations regulations and rules; maintain confidential reporting mechanisms to permit staff to report cases of possible mismanagement or misconduct without fear of retaliation; report all findings to the Under-Secretary-General for Administration and Management to ensure that falsely accused employees are fully cleared of any negative effects and disciplinary procedures are implemented in cases where evidence of wrongdoing emerges.

Operating authority

The Inspector General, although an integral part of the Secretariat, would carry out his/her duties and responsibilities entirely independent of the Secretariat and all United Nations governing bodies.

The General Assembly shall delegate irrevocably to the Inspector General the necessary authorities to ensure that the functions and duties of the office are fully implemented. These authorities include:

- Access to any Secretariat official, in order to discuss issues falling within the purview of the Office, or the conduct of official business;

- Confidential access to all records, reports, audits, documents, reviews or other materials deemed necessary or desirable for the successful completion of any inspection, audit or investigation being undertaken; once provided, the Office of the Inspector General shall respect the privileged and confidential nature of such information which has been made available and shall not make any use of it except in direct connection with official proceedings;

- Implementation of necessary measures to ensure compliance whenever information or assistance requested is unreasonably refused, delayed or not provided;

- Investigation of complaints or information from employees, or Member States concerning possible violations of United Nations regulations and rules, waste, mismanagement or abuse of authority or programme funding; such investigations shall follow procedures to ensure that staff members' rights to due process are respected;

- Establishment of measures to protect the identity of any staff member making a complaint or disclosing information in order to preclude reprisal.

Recommendations of the Office of the Inspector General must be accepted by the programme manager, accomplished by the programme manager and closed out to the satisfaction of the Office of the Inspector General. If the programme manager disagrees with the recommendations, he must work with the Inspector General to achieve another solution to the management problem, and then satisfy that recommendation. In the rare instances when the programme manager and the Office of the Inspector General cannot agree on an appropriate course of action, the matter will be referred to the Secretary-General for resolution. Recommendations that remain outstanding after the implementation period will be referred to the Secretary-general and reported to the General Assembly.

Reporting

Annual reports on operations of the Office of the Inspector General shall be submitted to the Secretary-General by 1 June. The Secretary-General will have 45 days to transmit the annual report, without making any changes, to the General Assembly together with his report commenting on findings of the Office of the Inspector General and the status of outstanding recommendations. This reporting procedure reflects a careful balance between the independence of the Inspector General and the full accountability of the Secretary-General, as the chief administrative officer of the Organization, for assuring the effective and efficient operation of the United Nations, and for implementing recommendations of the Inspector General. The annual reports shall highlight major problem areas in United Nations operations and programmes for the preceding calendar year; summarize the significant activities and major findings and recommendations of the Office of the Inspector General and the results of investigations of the Office of the Inspector General with a listing of each audit, inspection and investigation report; and provide a statistical summary of accomplishments of the Office of the Inspector General, of the status of reports and recommendations of the Office and of costs and savings related to recommendations of the Office.

Special reports shall be issued by the Office of the Inspector General to the Secretary-General when serious violations of regulations and rules or cases of gross mismanagement have been identified.

Reports of each audit, inspection and investigation, including recommendations for corrective actions, shall be forwarded, in writing, to the Secretary-General or to the appropriate executive head of a major programme, with copies sent to the appropriate chief administrative officer, those responsible for management of the programme or operation involved and to the Advisory Committee on Administrative and Budgetary Questions, if the reports are relevant to the work of the Committee.

As appropriate, the Secretary-General, ACABQ and the General Assembly may request the Office of the Inspector General to perform specific audits, inspections or investigations. Requests for the assistance of the Office of the Inspector General from ACABQ and the General Assembly shall be transmitted through the Secretary-General.

Budget and staffing

Resources would be provided from the regular budget, from peace-keeping budgets and from budgets for programmes supported by voluntary contributions. The staffing requirements for the Office of the Inspector General will be determined by the detailed mandate and specific work requirements to be established for the new Office. Certainly, there ultimately will need to be well more than the 62 Professional and higher categories of staff now assigned to the four oversight units consolidated into the Office for Inspections and Investigations. However, it would appear appropriate to initiate operations of the Office of the Inspector General with Professional and higher categories of staff in the range of 75 to 100, with the expectation that the full number required will evolve over time as experience is gained and procedures are developed.

A new budget section will be created for presenting estimates for the activities of the Office of the Inspector General, the Board of Auditors, JIU and ACABQ. This will allow for coordinated review of all oversight mechanisms. Independent of the Secretary-General, the Inspector General shall submit his budget request directly to the General Assembly, with Board of Auditors and ACABQ comments, as appropriate.

Resources shall be adequate to ensure that all United Nations functions, programmes and departments can be thoroughly examined at least every five years.

Staff shall be selected on the basis of strict standards of competence through competitive examination in the fields of auditing, financial or management analysis, public administration, investigations and law. Staff shall also be selected on the basis of equitable geographic distribution. In order to maintain the independence of the Office, staff shall receive pay and benefits commensurate with those of the common system.

While a majority of the staff of the Office of the Inspector General over time should be career permanent appointments in order to ensure an institutional memory for the Office, the Office is encouraged to seek and accept seconded personnel from national Governments in order to facilitate the placement of qualified and experienced personnel, especially as the Office of the Inspector General is first being established. Maintaining a strong proportion of professional staff of the Office of the Inspector General as secondments would allow for a steady turnover of staff which would enhance the independence of the Office and provide needed current expertise.

Appendix

MANAGEMENT INITIATIVES

The following is a summary of management initiatives to be considered in addition to the proposal for an Office of Inspector General.

Conditions of service. Limit service of executive heads and all other elected officials of the United Nations and its specialized agencies and programmes to two consecutive terms of office.

Code of conduct. The general duties and obligations of the United Nations staff are set forth in the Charter of the United Nations and further elaborated in the Staff Regulations and Rules. The Staff Regulations and Rules also form the "law" relating to the conduct of the staff. As not all compensated officials of the United Nations are covered by the Staff Regulations and Rules, we plan to submit for consideration a proposal which will establish a code of conduct for all officials receiving compensation from the United Nations.

Financial disclosure statement. Require all senior-level officials at the D-1 level and above as well as staff in critical positions, i.e., contract and procurement officers, to submit an ethics disclosure statement. The information provided in the statement would allow the Organization to determine if the financial interests of the staff member conflict with his/her official duties and responsibilities. Such a statement would be promulgated by the Secretary-General.

Classification standards for senior-level posts. Request the International Civil Service Commission to establish classification standards for all posts at the D-1 level and above.

Review of recruitment standards and practices. The International Civil Service Commission should be requested to review existing recruitment standards and practices used by United Nations agencies for bringing staff into the common system, and to recommend changes and improvements that may be required in order for the United Nations system to meet the growing demands placed upon it.

Fixed-term vs. permanent appointments. There should be a fresh look at identifying the proper balance in the Secretariat between fixed-term and permanent appointments.

Managerial training. Require all supervisors to attend management courses which emphasize their responsibilities in and provide instruction on evaluating, rewarding and improving staff performance. Similarly, the courses should guide supervisors on the policies and methodologies for terminating staff for inadequate performance.

System procurement facility. There should be greater effort by the different components of the United Nations and the agencies of the United Nations system to establish an effective system-wide procurement facility.

Modern office technologies. Improved use of modern office technologies in the Secretariat should be encouraged in order to reduce administrative overhead costs.

Internal controls. All managers must establish cost-effective systems of management controls to ensure that United Nations activities are managed effectively, efficiently, economically and with integrity. Each manager and supervisor, whether in accounting, administration, programme or budget, is responsible for ensuring adequate management controls.

Contingency planning. Since payments of assessed contributions regularly fall short of actual assessments, the United Nations should develop plans to reduce spending levels to actual or anticipated income. This would encourage budgetary discipline and fiscal responsibility in the Secretariat by targeting for reduction unnecessary programmes and administrative costs.

Common accounting standards. There is no uniform set of accounting principles and standards for application among United Nations agencies. This lack of standardization makes it virtually impossible to make meaningful comparisons of financial and budgetary data among these organizations. The General Assembly, ACABQ and Panel of External Auditors have strongly urged United Nations agencies and programmes to develop and implement such standards in order to enhance the transparency of financial statements and increase their utility.